

# In the Heart of War: How WBG Aid is Forging Ukraine's Future – Analyses of Perspectives from Stakeholders and Experts



The report is prepared by:

**CSO "Ukrainians for a Better Life"**

(UBL was established in 2022 with a primary focus on providing medical, psychological, and humanitarian assistance. The organization's collaboration with donor agencies has acted as a catalyst, prompting in-depth research into the organization and optimization of aid delivery mechanisms)

**Kyiv, 2024**

## Foreword

Assessing the performance of any institution during a full-scale war is an immense challenge, and even more so for a global entity like the World Bank, which has provided critical support during Ukraine's time of need. Despite the turmoil, the World Bank's presence in Ukraine has ensured that millions of pensioners receive their benefits, hospitals and schools continue to function, and vital services remain intact. It has supported not just our resilience, but also our collective hope for a future that is secure, democratic, and European.

The war in Ukraine has united the world in unprecedented solidarity, resulting in both military and financial aid that has surpassed all expectations. The scale of support has been nothing short of colossal. Yet, the full story goes beyond numbers and figures. It's a tale of how donor practices have evolved to meet the rapidly changing landscape of war and recovery. What new procedures have been established? How do these processes differ from pre-war assistance mechanisms? And how have donors themselves adapted to these new realities?

These are the questions at the heart of this research. In the midst of crisis, the World Bank's role has gone far beyond mere funding—it has become a critical partner in Ukraine's strategic planning and a stabilizing force in our most vulnerable sectors.

This study would not have been possible without the steadfast partnership and experts input from **Ukrainian School of International Innovation, Entrepreneurship, Law, and Communications**, operating under the Taras Shevchenko National University of Kyiv's Institute of International Relations whose commitment to understanding the intricacies of aid and governance has provided us with invaluable resources and insights. We are deeply grateful for their collaboration, which has enabled us to delve into the complexities of wartime aid, and the ways in which it is forging Ukraine's future amidst the chaos of war.

Our hope is that this research serves not only as a detailed account of current practices but also as a guide for enhancing the effectiveness of aid in conflict settings. By understanding the challenges, successes, and evolving strategies of international support during this war, we can better equip ourselves to contribute to Ukraine's recovery and long-term stability.

**"Ukrainians for Better Life" Team**

**CONTENT**

## **Introduction**

**Section 1: Historical Context, Challenges, and Lessons Learned Prior to Russian Full-Scale Aggression. WBG Assistance to Ukraine and Current Programs**

**Section 2: Hypotheses and Analyses of Findings**

**Conclusions and Recommendations**

**Acknowledgements**

**Abbreviations**

**Introduction**

For donor institutions like the World Bank Group (WBG), the surge in aid to Ukraine after the beginning of the full scale Russian invasion has presented unique challenges and opportunities. The WBG, known for its structured approach to development financing and long-term institutional capacity-building, has never before managed projects of this magnitude and urgency in this region. The situation in Ukraine has necessitated rapid adaptation of traditional operational frameworks to address immediate needs while simultaneously planning for the country's post-conflict recovery and long-term development. The unprecedented levels of financial support, coupled with the complex and evolving situation on the ground, have required the WBG and other donor institutions to rethink their strategic priorities, resource allocation, and implementation mechanisms.

The scale, complexity, and urgency of WBG operations in Ukraine amid the war provide a crucial case study of the institution's flexibility, learning capacity, and operational efficiency. While this research is limited by restricted access to WBG and Ukrainian officials and the absence of long-term impact assessments, it seeks to become a stepping stone for a more comprehensive analysis in the future. Ultimately, we hope this study will serve as one of the elements in much broader picture of understanding the WBG's evolving role in Ukraine and provide insights that may shape its operations globally in the years to come.

By examining current WBG operations in Ukraine we intend to find out if the WBG is truly learning organization, if it implements and follows lessons learned from its previous engagements, does it change its practices to address justified criticisms. In other words, the key criterium addressed in this analysis is adaptability of the WBG to the current circumstances in Ukraine, adaptability as learning.

It is important to note that we will not focus on the WBG projects outcomes or efficiency of the WBG operations in Ukraine. It is too early to judge specific projects outcomes or efficiency of their implementation as necessary data is not generated yet. Some of these projects and programs started only recently while others, most notably direct budget support programs did not yet go through formal monitoring and evaluation stages that would generate data needed for such an analysis. Additionally, full evidence-based analysis of WBG programs' outcomes and efficiency depend on unrestricted data access, data that is not yet generated or is not available in public domain.

We, however, assume that greater adaptability and learning will eventually positively contribute to better outcomes and efficiency of the WBG operations. It is very important, therefore, to understand how the WBG addresses and adjusts to new challenges, does it develop new practices, and how these potentially new practices

influence government institutions and civil society in host country (in our case, in Ukraine). In other words, the question is not only if the WBG is learning organization, but can its learning affect host country government and civil society institutions promoting long term and sustainable effects.

This is especially important to understand in Ukrainian context. Ukraine historically was ranked at the bottom on perception of corruption. Such ranking does not necessarily reflect actual corruption but it reflects dissatisfaction with situation among general public, distrust of public institutions and, one can argue, demand to curb corruption. After the beginning of the war and especially in the framework of desire to join Western institutions (EU and NATO) as well as probably upon consistent requests (demands) from some international actors, corruption investigations spiked, many cases became public, public perception of corruption somewhat improved. As Transparency International put it, “Ukraine scored 36 points out of 100 in the 2023 Corruption Perceptions Index (CPI); now our country ranks 104th out of 180 countries. Ukraine's growth by 3 points is one of the best results over the past year in the world. Ukraine is also one of the 17 countries in this year's CPI that have shown their best performance ever.”<sup>1</sup> Despite this improvement Ukraine still ranks very low on corruption perception.

Thus, it is very important to understand if WBG operations in Ukraine add to anti-corruption efforts already underway by newly created Ukrainian institutions, are they transparent and cost effective, or they contribute to opportunities for increased graft. Amount of resources that goes through WBG and targets reconstruction in Ukraine is staggering and, therefore, its potential positive or negative influence on established practices can be far reaching. WBG has an excellent opportunity in Ukraine to address some of the issues that attract its criticism, contribute to better governance in Ukraine and, very importantly, spend resources more efficiently.

To summarize what is discussed above, the sheer scope, volume, and conditions of WBG operations in Ukraine after the beginning of the full-scale Russian aggression represent an opportunity to examine its practices under immense stress providing a test bed to determine flexibility, efficiency and learning nature of this organization. It is clear, however that this study will have its own limitations. Access to WBG and Ukrainian government officials, absence of impact assessments due to insufficient time since the beginning of projects and other factors can and will contribute to these limitations. Thus, we hope this study will be used as only the first step in deeper analysis and understanding of the WBG operations and culture and will provide some inputs for future development of its operations in Ukraine and globally.

---

<sup>1</sup> <https://cpi.ti-ukraine.org/en/>

## **Research Methodology and Limitations**

To capture the nuances of the WBG's role in Ukraine's recovery, we structured our research around a two-block methodology, separating WBG programming into two distinct categories: (1) direct financing of the Ukrainian budget, and (2) reconstruction and risk mitigation projects. This division acknowledges the different nature and complexity of these funding mechanisms, allowing for a more targeted and precise analysis.

Budget support projects focus on the larger-scale financial assistance provided by the WBG, which is primarily disbursed through existing government mechanisms. These budget support projects, while financially substantial, are less management-intensive compared to reconstruction projects, as they rely on pre-established systems and protocols within the Government of Ukraine (GoU).

Reconstruction and risk mitigation projects are smaller in financial volume but involve a higher degree of managerial complexity. They target specific areas of reconstruction and seek to mitigate the risks associated with ongoing conflict and post-conflict recovery. These initiatives are characterized by their operational intricacies and often face greater implementation challenges.

This research employed a mixed-method approach that integrates multiple sources of data and perspectives to provide a robust and comprehensive analysis. The methodology is designed to capture various dimensions of WBG involvement in Ukraine through the following three key components:

### **1. Desk Study of Official Documents**

This involved a review of publicly available WBG and GoU materials, including project reports, financial disbursement data, and official statements. The desk study provided foundational insights into the stated objectives, financial flows, and institutional arrangements governing WBG projects in Ukraine.

### **2. Structured Interviews with Key Stakeholders**

Structured interviews were conducted with current and former WBG project managers, as well as officials from the GoU and recipient agencies. These interviews provided insights that complemented the desk research. The respondents' perspectives offered a deeper understanding of the operational realities and strategic considerations shaping WBG programming in Ukraine.

## **Sampling and Data Collection**

The sample for structured interviews was carefully curated to include a diverse range of officials involved in WBG operations. We engaged 20 current or former officials from various Ukrainian ministries and agencies—including the Ministry of Finance, Ministry of Health, Ministry of Education, Ministry of Infrastructure and Regional Development, the Recovery Agency, the Cabinet of Ministers, and the Verkhovna Rada. We also interviewed 4 active and former officials of the WBG with keen knowledge of WBG operations in Ukraine. These respondents were selected based on their expertise and roles in managing or overseeing WBG-supported projects. Access to these individuals was secured exclusively through informal channels, relying on pre-existing relationships and the level of trust established with the research team.

### **Challenges and Limitations**

The methodology applied in this research is qualitative and is accompanied by several constraints, typical of studies that analyze institutional processes or program effectiveness using desk research and qualitative interviews as the main sources of data:

- **Scope and Time Constraints**  
The research was limited by both the timeframe available for data collection and the volume of material to be analyzed. Given the dynamic and evolving nature of Ukraine's recovery processes, our findings are inherently influenced by the temporal context of the study.
- **Subjectivity and Response Bias**  
Respondents' answers might reflect perceived effectiveness or relevance of WBG and GoU actions rather than actual causal relationships between these actions and outcomes. This is particularly significant in qualitative interviews, where responses are shaped by individual perspectives and can vary widely based on respondents' personal and professional experiences.
- **Memory and Recall Bias**  
Given that many questions pertained to events that occurred over a broad time span, respondents' ability to recall specific details accurately was variable. This recall bias, common in retrospective studies, could potentially distort the validity of the findings.
- **Sampling and Selection Bias**  
The selection of interviewees, conducted by the research team, was based on availability and willingness to participate, introducing a potential selection bias. While efforts were made to diversify the sample, certain viewpoints might have been inadvertently overrepresented. We initially anticipated that former officials would be more open and candid in their responses. However, many were still professionally connected to the development sector, which

impacted their willingness to provide unfiltered feedback, as prospects for employment with donor projects or international financial institutions sometimes overshadowed the desire for transparency.

- **Standardization of Qualitative Data**

The structured nature of the interviews required the research team to make interpretative judgments when coding responses, which may have influenced the consistency of data interpretation. Given the lack of a predefined scale, qualitative answers required content analysis to categorize responses, introducing a layer of subjectivity.

- **Confidentiality and Anonymity**

The sensitive nature of post-conflict reconstruction topics necessitated that many respondents remain anonymous. Confidentiality was particularly crucial for those still working in government structures or donor organizations, as anonymity assured candid participation. In certain cases, we had to provide explicit guarantees of confidentiality before respondents felt secure enough to share their views.

### **Adaptation to the Research Context**

Recognizing the time constraints and other above mentioned sensitivities associated with formal requests for participation, we refrained from engaging through official channels, such as formal correspondence with ministries, agencies, or the World Bank's office in Ukraine. Instead, all outreach was conducted informally, ensuring that respondents participated in a timely manner and after trust had been established.

The process of engaging male respondents involved in donor organizations was further complicated by the fact that many held official deferments from military service. This added a unique layer of sensitivity to our research. Consequently, substantial effort was invested in providing full confidentiality assurances, which were crucial for obtaining meaningful responses.

Despite its limitations, this methodology offers a contextually relevant approach to assessing WBG operations in Ukraine during a period of extraordinary challenge. The qualitative nature of this research, while subject to interpretative constraints, provides a nuanced understanding of how international aid is perceived, adapted, and implemented under conditions of conflict and recovery. The findings presented here serve as a foundational analysis and a starting point for deeper inquiry into the efficacy and impact of aid in conflict and post-conflict settings, contributing to the broader discourse on international development and donor strategies in high-risk environments.



## **Section 1. Historical Context, Challenges, and Lessons Learned Prior to Russian Full-Scale Aggression**

World Bank Group own history as reconstruction and development institution started in immediate aftermath of the Second World War (WWII). Commencing operations on 25 June 1946, it approved its first loan on 9 May 1947 (USD 250M) to France for postwar reconstruction. Immense destruction of France, as well as of other European, Asian and African countries was caused not by natural disasters or accidents but by purposeful acts of people initiated by unprovoked aggressions.

Because the World Bank Group was created after the WWII with one of its specific purposes to aid in post-conflict reconstruction, it developed its guiding principles for this work. These include<sup>2</sup>:

- The Bank is an international organization with a mandate defined in its Articles of Agreement in terms of financing and facilitating reconstruction and development in its member countries. It is not a world government for borrowing countries, with an unlimited mandate.
- The Bank is not in charge of peacemaking or peacekeeping. These are functions of the United Nations and certain regional organizations. The Bank can, however, assist peace efforts indirectly, through its developmental mandate.
- Under the explicit provisions of its Articles of Agreement, the Bank does not question the political character of a member and does not interfere in the domestic political affairs of a member.
- The Bank does not operate in the territory of a member without the approval of that member. (Bank resources and facilities can, according to the Articles, be used only for the benefit of members.)
- The Bank is not a relief agency. IBRD's Articles define its purposes in terms of assisting the reconstruction and development of its members by financing or facilitating investment for productive purposes and promoting international trade, through loans and guarantees (grants are provided for in the IDA (part of the WBG) Articles).

During the Cold War the WBG had limited involvement in post-conflict reconstruction, however, in 1994, already 24 percent of IDA commitments (excluding those for China and India) went to countries that had undergone or were in the process of emerging from significant periods of intrastate conflict.<sup>3</sup> Most of the WBG work in post-conflict reconstruction has been in rebuilding infrastructure, developing capacity to promote economic recovery, addressing social needs. Some lending

---

<sup>2</sup> <https://documents1.worldbank.org/curated/en/175771468198561613/pdf/multi-page.pdf>

<sup>3</sup> *ibid*

operations also involved unique post-conflict elements, including demining, demobilization and reintegration of ex-combatants, and reintegration of displaced populations.<sup>4</sup>

75 Years after its first loan to France, the world at large and the WBG faces another large-scale war destruction that dwarfs interstate wars during Cold War or afterwards and is comparable in human life and economic losses as well as the number of displaced persons to some European WWII theaters.

Moreover, unlike other interstate conflicts during the Cold War or in its aftermath, where clear unprovoked aggression was rare (Korean and US-Vietnam wars developed from broader East-West confrontation, while some other wars had anti-colonial or secessionist motives), or it was fast and successful (Soviet invasions of Hungary, Czechoslovakia, multiple US wars as well as interstate initial stages of Soviet and US invasions of Afghanistan and US invasion of Iraq), Russian aggression of Ukraine is neither. It is clear unprovoked aggression of one state by another and it is ongoing as interstate war for the third year. Only Iran-Iraq war can be comparable to this war in length and casualties, however the total nature of Russian aggression and destruction of civil infrastructure in Ukraine is unprecedented since the Second World War.

What is also unprecedented is support Ukraine receives from international community at large. Six days after invasion begun, the United Nations General Assembly has voted to demand that Russia stop its offensive and immediately withdraw all troops, with 141 member states in favor and only 5 against (Russia and Belarus that were both involved in aggression, as well as Eritrea, North Korea and Syria).<sup>5</sup>

Finally, overall population especially in North America and Europe, especially at the initial stages of the war, overwhelmingly supported not only Ukraine but necessity to assist Ukraine both in financial and military terms.<sup>6</sup> Governmental and popular support for Ukraine translated in turn to very quick and very large mobilization of financial and military aid. It is important to stress here that popular support for Ukraine especially at the beginning of Russian aggression played extremely important role in mobilization of resources and developing mechanisms of their delivery. In democratic societies government do listen to their citizens and this is especially true if both parties, namely governments and citizens are on the same side.

---

<sup>4</sup> ibid

<sup>5</sup> <https://www.aljazeera.com/news/2022/3/3/unga-resolution-against-ukraine-invasion-full-text>

<sup>6</sup> <https://news.gallup.com/poll/513680/american-views-ukraine-war-charts.aspx>,

[https://neighbourhood-enlargement.ec.europa.eu/news/europeans-continue-strongly-support-ukraine-eurobarometer-shows-2023-12-13\\_en](https://neighbourhood-enlargement.ec.europa.eu/news/europeans-continue-strongly-support-ukraine-eurobarometer-shows-2023-12-13_en)

To date, US and European commitments for overall aid to Ukraine surpassed 240 bn Euros, while actual allocations are around 150Bn Euros.<sup>7</sup>

US example provides good illustration for this. As of August 2024, Congress has appropriated a total of \$174.2 billion in response to Russia's war against Ukraine. Of that amount, Congress appropriated \$37.8 billion for the Economic Support Fund and Assistance for Europe, Eurasia, and Central Asia accounts, directing that a portion of such assistance be made available for direct financial support for the Government of Ukraine's (GOU's) central budget. To date, the U.S. Agency for International Development (USAID) has obligated \$26.8 billion for such support via three World Bank mechanisms. These include:

The World Bank established a Multi-Donor Trust Fund for Ukraine (MDTF) in March 2022. It is meant to reduce procedural steps and transaction costs associated with individual transfers by consolidating donors' resources for transfer to Ukraine. USAID obligated \$1.0 billion in FY2022 to the MDTF.

The "Transfer Out" Single Donor Trust Fund (SDTF) was established in July 2022 as a dedicated mechanism for direct U.S. support to Ukraine. It has been used to fund health care services under a rapid, standalone agreement not subject to the negotiated terms of the MDTF, PEACE Fund, or World Bank accountability procedures. USAID obligated \$1.7 billion to the "Transfer Out" SDTF in FY2022.

The Public Expenditures for Administrative Capacity Endurance (PEACE) Fund was established in June 2022 to support the GOU's ability to continue compensating public employees. The initial scope included government salaries (at the central and regional levels) and school employees. It has since expanded to include local employees such as first responders and health care workers, pensions, and other social services. The PEACE Fund may also provide for grants to internally displaced persons. USAID has obligated \$24.1 billion to PEACE.<sup>8</sup>

These financial commitments and allocations by individual countries and EU are also unprecedented for a country still in war (with possible exception of the WWII). This financial influx formed a foundation of available resources for Ukraine and demand to quickly utilize them with high efficiency and transparency. Thus, it created a somewhat unique set of circumstances under which the WBG operates in Ukraine, and, in our analysis below, we will reference to these sets of circumstances.

---

<sup>7</sup> [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/Subject\\_Dossiers\\_Topics/Ukraine/Ukraine\\_Support\\_Tracker/Ukraine\\_Support\\_Tracker\\_-\\_Research\\_Note.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/Subject_Dossiers_Topics/Ukraine/Ukraine_Support_Tracker/Ukraine_Support_Tracker_-_Research_Note.pdf)

<sup>8</sup> <https://crsreports.congress.gov/product/pdf/IF/IF12305>

During last 75 years the WBG financed and assisted reconstruction and development, it achieved both unmitigated successes and had some significant shortcomings or made outright mistakes. In the 1998 publication “Post-Conflict Reconstruction, the Role of the World Bank” WBG reviews the lessons learned from its involvement in reconstruction. While fully understanding that Russian aggression is still ongoing it is very important to understand these lessons learned and see if they are implemented in the WBG operations in Ukraine, see how the WBG manages enormous challenge that is presented by this ongoing war. Also, it is important to recognize that what is described in this publication is derived from mostly WBG own financing of reconstruction efforts. Above mentioned publication states these lessons as the following:<sup>9</sup>

### **Lesson 1: The need for early engagement**

Time is of the essence in post-conflict situations. Often, there are windows of opportunity within which significant progress is possible. But these windows can quickly narrow or close. In some cases (Angola, Armenia, Azerbaijan, Bosnia and Herzegovina, Cambodia, Croatia, Mozambique, and Rwanda, for example) hostilities did not prevent assessment and planning from being carried out; in others, such as the West Bank and Gaza, extensive preparatory work was done very early in the peace process. Managers and staff involved in these situations agree that in each case success was attributable to a complex interaction of extraordinary all-out efforts of country teams, the high profile of the cases, and a certain degree of good fortune.

### **Lesson 2: Presence in the Field**

The need for a strong field presence is one of the clearest lessons to emerge from experience to date. An expansion of field presence and field-level authority, allows a more flexible response and a deeper, country-specific understanding of the relevant dynamics of such situations. Flexible arrangements offer potential benefits and may be of particular relevance where security conditions in a country make a permanent in-country residential presence inadvisable.

### **Lesson 3: Adequacy of Existing Instruments**

The economic and sectoral objectives to be supported by the Bank are normally outlined in the context of a Country Assistance Strategy. However, the uncertainties inherent in post-conflict situations, suggest that a different approach is required, as it is not feasible to define an overall strategy a priori. A pragmatic and "opportunistic" approach is needed; building on what is feasible. Although certain preconditions may

---

<sup>9</sup> All below listed lessons are sourced from <https://documents1.worldbank.org/curated/en/175771468198561613/pdf/multi-page.pdf>

be necessary before the Bank undertakes certain kinds of activities, fragile political situations and often devastated economies make the development of rigid performance criteria unfeasible and inappropriate. It is increasingly clear that the whole range of social sector needs has to be assessed, and means of support ensured, if valuable human capital is to be maintained. This means, for example, keeping educational and medical systems operational. Investments in promoting a rational and dynamic private sector are a key aspect of supporting a vibrant post-conflict economy. Harnessing of the domestic resources available and the reemergence of an energetic private sector (and, consequently, of a domestic tax base for public sector expenditure) will be critical for successful post-conflict reconstruction.

#### **Lesson 4: Coordination**

Peace treaties and their execution require coordination with reconstruction and economic stabilization measures to underpin their objectives. The Bank's expertise can be critical, contributing a reconstruction and development perspective and providing practical advice on immediate matters such as the implications for economic governance, budgets, economic incentives, and so on of proposed government structures, taxation arrangements, and demilitarization and demobilization arrangements. Given their respective mandates, there is a clear need for coordination very early on between the Bretton Woods Institutions and the providers of relief. The Bank should not substitute for relief organizations or provide relief itself. This is not only a question of comparative advantage but also a requirement of the Bank's Articles. It is important, nonetheless, to recognize that relief and development agencies are often operating within their respective mandates during the same period in the same country. Relief can create dependency or introduce distortions that can have impacts on development-oriented policies; examples include food distribution that affects incentives for agricultural production, an extended emphasis on curative rather than preventative health care strategies, and high salaries paid to local staff by relief agencies that may create unrealistic expectations. There is increasing recognition in the international community that much better information sharing and coordination could prevent some of these adverse effects and facilitate a more efficient transition to sustainable development.

Historically the WBG also almost always attracted criticism. Some of it was and is justified, however a part of criticism is unfounded in evidence and is unjustified. Significant portion of unjustified criticism stems from beliefs in conspiracy theories of the world government, sinister roles of the Western countries and USA in particular and pre-determined notion of outright exploitations of the poor countries and people in the form of modern colonialism. Despite significant proportion of people believe in these notions and they are even visible in messages of recent violent protest

movements (e.g. recent protests in Kenya), we will not address or evaluate justifications, or address through research any casualties for this type of criticism in this paper.

There are, however, some evidence-based criticisms of the WBG that need to be further addressed. The most common issues that attract evidence-based criticisms include:

- WBG projects (including loan agreements) can force procurements of goods and services at uncompetitive, non-free-market, prices. It enjoys the waiver of the fungibility of financial credit: this implies that project loan is actually a flow of goods and services procured from the G7 at uncompetitive prices (some are 100% higher than international prices) and even if cheaper local resources are available. In other words, the borrowing nation must accept high cost of goods and services, and it must discriminate against its firms and service providers even if they are cheaper.<sup>10</sup>
- Joseph E. Stiglitz arguments (one of them) published in his book “Globalization and its Discontents” that relate to the notion that there is money to bail out banks but not to pay for improved education and health services. According to this argument, such practices lead to increased social stratification and result in discontent and stifled development.<sup>11</sup>
- Similarly, Cheryl Payer's book, *The World Bank: A Critical Analysis* provides commonly and extensively argument that the Bank is the perfect mechanism to help (i.e., subsidize) the large transnational corporations from the industrial countries to expand their industrial, commercial, and financial activities in the Third World, at the expense of the latter and particularly at the expense of the rural and urban proletariat.<sup>12</sup>

The Bank did learn in the past and took some corrective actions related to the criticisms summarized above. It recognized that some of its projects were environmentally and socially damaging. As a result, during the 1980s the World Bank was the target of sustained protests by affected communities and their allies around the world. To its credit, in 1993 the Bank established the world's first citizen driven independent accountability mechanism, the World Bank Inspection Panel. The three-member panel is independent of the World Bank's management. It receives and

---

<sup>10</sup>

[https://web.archive.org/web/20041108100213/http://www.unnayan.org/Other/IFI\\_Watch\\_Bangladesh\\_Vol\\_1%20No\\_1.pdf](https://web.archive.org/web/20041108100213/http://www.unnayan.org/Other/IFI_Watch_Bangladesh_Vol_1%20No_1.pdf)

<sup>11</sup> Joseph E. Stiglitz, “Globalization and its Discontents,” W. W. Norton and Company, 2002

<sup>12</sup> <https://pubmed.ncbi.nlm.nih.gov/6642815/>

investigates complaints from communities who allege that they have been harmed or threatened with harm because of the World Bank's failure to comply with its own policies and procedures in funding a particular project. In other words, the panel's focus is exclusively on the conduct and decisions of the Bank's staff and management. Since it was established, the panel's investigations have resulted in some relief for affected communities. For example, 70,000 people, previously ignored by the World Bank, received compensation for their losses in a bridge project in Bangladesh. In the Democratic Republic of Congo, a forestry project was revised to provide greater protection to indigenous communities who had not been adequately consulted about the project.<sup>13</sup>

Finally, the WBG does not work in vacuum and its operations in any country heavily rely and depend upon local government institutions and in some cases civil society. As Joseph E. Stiglitz argues in his above-mentioned book and subsequent interviews, stated positions and capacities of national governments were historically critical in determining long-term impacts of WBG involvements. In Ukraine, as in other transitional and developing countries, there are challenges related to the insufficient governance capacity as well as to high corruption in government institutions and the rule of law.

Perception of corruption in Ukraine is high. There are also numerous publicized cases of corruption investigations and convictions. Unfortunately, there are also some cases of alleged corruption in reconstruction projects. Most recent is highly publicized case of children hospital "Ohmadit" failed reconstruction tender and subsequent investigation. It is, however, important to note that the WBG was not involved in any form in that process and resources for reconstruction were locally raised through donations. Nevertheless, there are risks and related perception that reconstruction projects in general, as well as other tenders for goods and services in Ukraine might be corruption prone.

On another hand, if the issue of potential corruption is excluded, the quality of governance and related government capacity to deal with WBG and other donors and manage reconstruction projects or war related (excluding military and security) challenges received much less attention and criticism in Ukraine. This, however, does not mean that everything is good in this area, or problems do not exist. Moreover, it might be the case that in some instances failures or lack of positive impact might arise more from insufficient government capacity than from WBG shortcomings or mistakes. This, however, does not diminish WBG responsibilities for potential

---

<sup>13</sup> <https://theconversation.com/the-world-bank-used-to-cause-untold-harm-but-30-years-ago-it-started-reforming-what-went-right-202270>

shortcomings because as organization it is tasked in assessing potential risks related to insufficient government capacity and in designing and implementing appropriate mitigating measures.

### **WBG Financing and Assistance to Ukraine (1992-2024):**

Since Ukraine's independence in 1991, the WBG has played a critical role in supporting the country's economic development and institutional reforms. The evolution of WBG's assistance can be broadly categorized into two main types: direct financial support to Ukraine's treasury and technical assistance projects aimed at sectoral reforms. Over the decades, both the volume of aid and the nature of projects have shifted significantly, reflecting the changing political, economic, and security needs of Ukraine, as well as the broader global context.

#### ***Early Years (1992-2000)***

In the aftermath of independence, Ukraine faced monumental challenges in establishing state institutions and managing its transition to a market economy. Between 1992 and the early 2000s, the WBG's primary focus was on building Ukraine's institutional capacity through technical assistance. During this period, assistance aimed at creating governance frameworks, reforming the public sector, and stabilizing the financial system. For example, in 1992, WBG provided \$290 million in assistance, entirely for technical support projects. As Ukraine struggled with economic instability and the fallout of transitioning from a planned to a market economy, WBG began to provide direct financial support to the treasury. By 1994, this type of support became crucial as Ukraine faced growing fiscal deficits. The WBG's assistance during these early years laid the groundwork for future structural reforms and fiscal stabilization efforts.

#### ***Expansion Period (2000-2014)***

From 2000 to 2014, the WBG expanded both its financial and technical support to Ukraine, reflecting the country's increasing need for external assistance to manage fiscal imbalances and respond to global economic shocks, such as the 2008 financial crisis. During this time, the WBG's direct support to the treasury increased significantly, helping Ukraine maintain macroeconomic stability amid rising external and domestic challenges. This period also witnessed a diversification in the WBG's project portfolio, with a focus on critical sectors such as public financial management, energy efficiency, infrastructure rehabilitation, and local governance. Health and education reforms, along with resilience-building infrastructure projects, also



became priority areas. These efforts not only addressed Ukraine's immediate needs but also aimed to position the country for long-term growth and development.

### ***Crimea annexation and Reform (2014-2021)***

The annexation of Crimea in 2014 and the subsequent conflict in eastern Ukraine marked a turning point in Ukraine's relationship with the WBG. In response to the military conflict and economic recession, the WBG dramatically increased its support, providing billions of dollars in both direct financial assistance and technical projects. The primary focus of this period was to stabilize the economy and address urgent fiscal needs while simultaneously promoting critical reforms. Key reforms during this era included strengthening public procurement, advancing decentralization, and enhancing anti-corruption measures. WBG support was instrumental in enabling Ukraine to undertake transformative reforms, despite the challenging environment of military conflict and geopolitical tension. The increased assistance during this period underscored WBG's role in supporting Ukraine's resilience and reform agenda.

### ***War-Related Support (2022-Present)***

The full-scale Russian invasion of Ukraine in 2022 brought about an unprecedented shift in WBG's approach. The primary focus of WBG assistance shifted towards direct budget support, with the objective of helping Ukraine maintain essential public services, fund military expenditures, and support war-affected populations. In 2022 alone, WBG provided \$5 billion in assistance, of which \$4.2 billion was directed to Ukraine's treasury. This trend of significant financial support has continued into 2023 and 2024. Although technical assistance remains crucial, the number of such projects has decreased as WBG priorities shifted toward macroeconomic stabilization and emergency response efforts. Nevertheless, the technical assistance projects that continue are vital for long-term recovery and institutional resilience, even amidst the ongoing war. WBG's financial support during this period has been essential in keeping Ukraine's economy afloat and ensuring that critical government functions continue.

### ***Key Trends***

1. **Increasing Direct Support to the Treasury:** The most notable trend over time has been the substantial rise in direct financial assistance to Ukraine's treasury, particularly during periods of crisis, such as after 2014 and during the 2022 war. This shift highlights WBG's role as a stabilizing force for Ukraine's macroeconomic environment in times of geopolitical and economic instability.
2. **Focus on Institutional Strengthening:** While WBG's early interventions focused heavily on technical assistance, recent years have seen a growing emphasis on

supporting large-scale reforms in governance, anti-corruption, decentralization, and public procurement. These reforms are crucial for Ukraine's modernization and integration into global economic systems.

3. Crisis-Driven Assistance: WBG's response to crises—whether economic, such as the 2008 global recession, or geopolitical, such as the 2014 Crimea crisis and the 2022 war—has been marked by sharp increases in financial assistance. Although the number of projects has remained relatively stable, the scale of financial support has grown significantly to address Ukraine's urgent needs. Example of this are PEACE Fund disbursements that unlike other instruments do not set conditions on macroeconomic policy or governance reforms. Funding is authorized for nonmilitary government and school staff salaries through the general budget of Ukraine, and the project maintains a results framework to track key targets for on-time payment of government obligations—to include salaries, pensions, and school operations.<sup>14</sup>

4. Shifts in Project Focus: Over time, WBG technical assistance has increasingly targeted sectors like public health, education, infrastructure, and governance, in line with Ukraine's efforts to modernize its economy and build resilience. These sectors have become even more critical in response to the challenges posed by conflict and instability.

The World Bank Group's assistance to Ukraine has evolved significantly over the past three decades, reflecting the country's shifting political and economic landscape. From institutional capacity-building in the 1990s to large-scale financial support during times of crisis, WBG has been a pivotal partner in maintaining Ukraine's economic stability. The trend towards increased direct budget support, especially during times of geopolitical upheaval, underscores WBG's critical role in ensuring Ukraine's resilience and capacity to undertake crucial reforms, even in the most challenging circumstances.

### ***Summary of Current WBG Projects in Ukraine<sup>15</sup>***

Since the onset of large-scale Russian aggression against Ukraine on February 24, 2022, and up until the end of July 2024, the World Bank Group (WBG) has approved 25 projects for Ukraine, with an additional 5 projects currently in the pipeline awaiting approval. However, it is noteworthy that 4 of the approved projects were dropped within a few months of their initiation, and 1 project has already been closed.

---

<sup>14</sup> <https://crsreports.congress.gov/product/pdf/IF/IF12305>

<sup>15</sup> All data for this section is derived from the core cite and subsequent links:  
<https://www.worldbank.org/en/country/ukraine/>

This leaves a total of 20 active projects approved by the WBG since the full-scale war began.

Among these, 10 ongoing projects, amounting to approximately \$36 billion, primarily consist of grants from partner countries. These funds have been utilized to support essential budgetary expenditures, including pensions, salaries for non-security personnel, social payments, and other vital budgetary needs through Ukraine's Ministry of Finance. This portfolio represents the largest proportion of WBG-administered funding directed toward Ukraine since the war began and ranks as one of the most significant WBG portfolios in any country in its history. Major initiatives within this portfolio include flagship projects such as the Financing of Recovery from Economic Emergency in Ukraine (FREE Ukraine), valued at \$2.3 billion, and the Public Expenditures for Administrative Capacity Endurance (PEACE) project, which totals \$25.5 billion. These projects aim to stabilize Ukraine's public finances amidst the ongoing crisis, allowing the government to maintain critical state functions.

The remaining 10 projects focus on targeted reconstruction efforts and risk mitigation strategies, totaling approximately \$1.8 billion, of which \$1.5 billion are grants administered under the Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF). These projects cover a broad spectrum of reconstruction activities critical to rebuilding Ukraine's infrastructure and public services, with some notable focus areas being:

- **Healthcare Reconstruction:** \$591 million has been allocated for healthcare facility reconstruction, an area severely impacted by the war.
- **Energy Sector Reconstruction:** A total of \$239 million is dedicated to restoring Ukraine's energy infrastructure, which has been a target of repeated attacks throughout the conflict.
- **Transportation Infrastructure:** \$50 million is aimed at rebuilding vital transportation networks, ensuring the flow of goods and services within the country.
- **Residential Building Reconstruction:** \$232 million has been earmarked for restoring residential housing, crucial for resettling displaced populations.
- **Agricultural Production Support:** \$711 million in credits and grants are provided to support the resilience of Ukraine's agricultural sector, a key driver of its economy.

In addition to these major reconstruction projects, there are two smaller initiatives focused on risk management and capacity building. These include:

- **Prozorro Risk Management Project:** This project aims to enhance transparency and efficiency in public procurement processes by strengthening the capabilities of Prozorro, Ukraine's e-procurement system.

- Kyiv School of Economics Capacity Building Project: This initiative focuses on building the capacities needed for overseeing and managing large-scale reconstruction projects, particularly in partnership with Ukrainian academic institutions.

Collectively, these smaller grant projects account for \$3.3 million but play a critical role in ensuring that Ukraine's reconstruction efforts are both transparent and effective.

The current WBG portfolio in Ukraine represents a significant effort not only in terms of financial support but also in addressing the immediate and long-term needs of a country in conflict. The allocation of funds toward both humanitarian and reconstruction projects showcase the dual nature of WBG's approach: stabilizing essential state functions while also preparing for Ukraine's post-war recovery. These projects provide a unique opportunity for the WBG to demonstrate its capacity for learning, adaptation, and efficient resource management in one of the most challenging environments it has faced in recent history.

## Section 2. Hypotheses and Analyses of Findings

### Two Hypotheses

In the foreword of this paper as well as in the introduction section we defined two key broad questions this paper attempts to address. The first question relates to adaptation. By examining current WBG operations in Ukraine we intend to find out if the WBG is truly learning organization. The second question relates to crosspollination. If the WBG adapts and learns, how these potentially new practices influence government institutions and civil society in host country (in our case, in Ukraine). In other words, the question is not only if the WBG is learning organization, but can its learning affect host country government and civil society institutions.

As the first question concerned, in order to scientifically (and here we can put this term in parenthesis) prove or disprove that the WBG, or any organization for that matter, is learning or not learning, one has to dig deep into organization's culture, processes, decision making structure described by author of the term "learning organization" Peter Senge in his book "The Fifth Discipline: The Art and Practice of the Learning Organization."<sup>16</sup> We, however, did not have neither resources, nor access, or capacity to do such a case study. Instead, we focused on WBG behavior as organization and outcomes it produced after the beginning of full-scale Russian aggression. Using such an approach and provide at least some insights if the WBG is learning organization we had to find answers to the following questions:

1. Were the lessons from previous engagements of the WBG summarized and presented in actionable manner and recommendations.
2. Did the behavior of the WBG changed (adopted) as response to the challenges presented by the full-scale Russian invasion of Ukraine?
3. Was this change in organizational behavior consistent with the lessons learned and summarized based on previous engagements of the WBG?
4. Was this behavior change lead internally within WBG, or was it rather a response for external pressures?

Our first hypothesis that is going to be tested below is that indeed the WBG can be considered as learning organization because it did develop and summarized lessons learned from previous engagements, it did change its behavior in Ukraine consistent with these lessons, and it did this internally upon its own initiative.

The second question unfortunately is neither straightforward as the first, nor does it have, to our knowledge, underlying parsimonious theory similar to what Peter Senge wrote about learning organizations. The issue of crosspollination simply can be described as changes in two or more interacting organizations, their individual

---

<sup>16</sup> Senge, P.M., *The Fifth Discipline: The Art and Practice of the Learning Organization*, Doubleday/Currency, 1990.

adaptations cause adaptations and changes in their interacting counterparts. In our case, as stated above, can adaptability and change or behavior of the WBG cause similar adaptability and changes of behavior among Ukrainian governmental counterparts and vice versa. In order to get at least some insights for the second question, we have to attempt to answer the following questions:

1. Did Constant interactions between WBG and Ukrainian Governmental and non-governmental organizations become qualitatively different after the break-up of war in its dynamics, intensity, forms of communications?
2. Did it happen mostly because the WBG adopted to new challenges or because of pressure applied by Ukrainian counterparts as reaction to deteriorating war conditions?
3. Did these increased interactions (if they did increase) included provisions of mutual feedbacks?
4. Can any behavior or procedural changes in Ukrainian organizations be traced to the interactions with the WBG as causality of these changes and vice versa?

Our second hypothesis that is going to be tested below is that indeed interactions between the WBG and Ukrainian organizations significantly increased and qualitatively changed after the beginning of the war. We hypothesize that the main reason for this was demand driven pressure from Ukrainian counterparts. We do not think much or the feedback was exchanged especially at the beginning of the war. Under such circumstances we believe interactions with WBG minimally changed behavior of Ukrainian counterparts.

### **Analyses of Findings**

As stated above different authors summarized and presented lessons learned as well as mistakes and shortcomings from the WBG engagements in previous conflict and post-conflict countries. It is safe to assume that some analysis was also done the WBG in its internal documents, reviews, and evaluations. Indeed, it is common knowledge that this organization is disciplined and well organized to perform good evaluations of its own programs. However, cited above publications and especially voices of former leaders of the WBG even if done outside the auspices of this organization are most probably were widely read in the WBG and received full attention of the leadership.

First two lessons, namely the need for early engagement and the presence in the field *de facto* were implemented in Ukraine fully. Actually, due to almost half a year warning that the invasion might happen issued by western governments and intelligence services, the governments who are controlling stakeholders in the WBG led for some preparations for early engagements. The speed of development of a

large number of programs in Ukraine and their approval in a very short period of time corroborates that early engagement indeed happened. Moreover, early engagement and mobilization of efforts by the WBG most probably happened through internal organizational motivations and decisions with little external pressure. It is important to state here that this relates only to early presence, the first lesson, namely full availability and readiness of the WBG capacity to undertake actions in a very short time frame.

The issue of the presence in the field likewise was fully implemented from the very beginning. Unlike in previous WBG engagements, where concern for personnel safety correctly played decisive role in moving personnel out and limiting field presence, in Ukraine technology came to the rescue. Remote work possibilities developed during COVID epidemic made the field presence possible even if most WBG personnel was moved outside Kyiv or Ukraine altogether. Factual physical movement of people, therefore, one can argue did not hinder the “presence in the field” issue. This was corroborated through interviews that physical movements of WBG personnel did not negatively influence performance of the WBG in Ukraine. It is also important to note that unlike some other developing countries and historically conflict or post-conflict countries, a great majority of the WBG professional in Ukraine office are highly trained and respected Ukrainian nationals. This also enhanced “presence in the field” issue through exemplary dedication and actual physical presence in many cases. Like with the issue of early engagement, WBG own rules, technology, procedures and decisions caused the presence in the field without outside pressure.

Lesson #3 is probably the most interesting and complex to investigate. This is the lesson on the adequacy of existing instruments. As was written above, the economic and sectoral objectives to be supported by the WBG are normally outlined in the context of a Country Assistance Strategies, but uncertainties inherent in conflict and post-conflict situations suggest that it might not be feasible to define an overall strategy a priori. In other words, an "opportunistic" approach might be needed, building on what is feasible. Fragile situations and devastated economies make the development of rigid performance criteria unfeasible and inappropriate. It is also recognized by this lesson that it becomes increasingly clear that the whole range of social sector needs must be assessed, and means of support ensured, if valuable human capital is to be maintained. This means, for example, keeping educational and medical systems operational. Investments in promoting a rational and dynamic private sector are a key aspect of supporting a vibrant post-conflict economy. Harnessing of the domestic are critical for successful post-conflict reconstruction.

Lesson 3 is also fully corelates with some criticism the WBG received, namely Joseph E. Stiglitz arguments (one of them) published in his book “Globalization and its Discontents” that relate to the notion that there is money to bail out banks but not to pay for improved education and health services.

We know from approved WBG programs in Ukraine that a very significant funding is now channeled through the WBG instruments to specifically fund salaries or teachers, doctors and other non-security professional as well as pensions and some social benefits. This is exact response to the lesson #3 and Joseph E. Stiglitz argument. Thus, the first two research questions, namely (1) were the lessons from previous engagements of the WBG summarized and presented in actionable manner and recommendations; and (2) did the behavior of the WBG changed (adopted) as response to the challenges presented by the full-scale Russian invasion of Ukraine, as evidence suggests, are positively answered for the lesson #3. Moreover, evidence suggests that at least in regards to support of education, health, and other social services the change in organizational behavior is consistent with the lessons learned and summarized based on previous engagements of the WBG, meaning that the third research questions is also positively answered.

This is fully corroborated by Roman Kachur, Ukrainian representative in the WBG Board of Directors in his recent interview to the Center of Economic Strategy (CES) in Ukraine.<sup>17</sup> In this interview he stated that the WBG became not only the key source and channel of funding for Ukraine, though its mechanisms salaries of doctors and teachers are paid as well as all other social obligations are met, despite initial collapse of 30% of Ukrainian GDP due to the full-scale invasion. This is a truly remarkable achievement.

This leaves us with the last key question to test the first hypothesis, namely, was this remarkable and very significant behavior change was lead internally within WBG, or was it rather a response for external pressures? The answer to this question is unfortunately is not as straightforward as to the previous ones.

Our research illustrates that despite very significant improvements in the WBG operations in comparison to other conflict and post-conflict cases (all respondents agreed with this statement) there is no clear consensus among the WBG officials and officials from Ukrainian Government institutions as to what exactly caused this significant shift in behavior. Interviewed (under conditions of anonymity) officials, in their majority stated that: (1) this shift occurred predominantly due to demand and significant pressure from Ukrainian Government to the WBG, pressure also supported by key donor governments, most notably US Government; (2) the WBG needed significant persuasion to agree to fund social expenditures; (3) that pressure and persuasion had to be applied booth by Ukrainian Government and by donors; (4) the WBG was actively cooperating and positively responded at the beginning of the full scale invasion (this corroborates that the lessons on early engagement and presence in the field were truly internalized by the WBG); (5) after the pressure from donors, WBG started to fully support this approach; (6) WBG decisions were made in

---

<sup>17</sup> <https://ces.org.ua/ukra%D1%97na-na-shtuchnomu-dihanni-ale-u-stabilnomu-stani/>



both, headquarters and in Ukrainian office (again, this corroborates presence in the field).

Interviewed officials were not unanimous in their answers to these questions, however, even some responding former officials from the WBG shared these opinions. It means that presented answers were not skewed solely by responses from Ukrainian government officials but represented a mix of respondents from various organizations. Thus, under condition of limited information we treat these answers as evidence that yes, the WBG significantly changed its behavior, but this change at least partially was caused by outside pressure.

Our first hypothesis that the WBG can be considered as learning organization because it did develop and summarized lessons learned from previous engagements, it did change its behavior in Ukraine consistent with these lessons, and it did this internally upon its own initiative, therefore, is not fully supported by collected evidence. Indeed, changes and adjustments happened and they were significant and, on the surface, fully reflected lessons learned from the WBG previous engagements and some key criticism. However, this apparently was achieved not due to internal motivation and initiative, but rather, at least partially, as response to outside pressure. Readiness to undertake these changes in relatively short time period shows that the WBG actually was ready and learned, but some yet ununderstood obstacles prevented it to act upon its own initiative. To understand these probably bureaucratic obstacles one has to dig much deeper into organizational culture of the WBG and this, in our opinion is excellent topic for future research and analysis.

As for the second hypothesis, in the midst of crisis, the World Bank's role has gone far beyond mere funding - it has become a critical partner in Ukraine's overall governance system. This is clearly corroborated by public interviews of Ukrainian officials. How the WBG practices influence government institutions and civil society in host country (in our case, in Ukraine) during the crises remains an open question.

The first research question, namely: did constant interactions between WBG and Ukrainian Governmental and non-governmental organizations become qualitatively different after the break-up of war in its dynamics, intensity, forms of communications appears to have positive answer based on our interviews. All respondents unanimously stated that project management by the WBG improved, and that they consider current management of projects in Ukraine as effective and are satisfied with how they are implemented.

Assessment of causality for this change, namely the second research question - did it happen mostly because the WBG adopted to new challenges or because of pressure applied by Ukrainian counterparts as reaction to deteriorating war conditions - however, did not receive unanimous answers. Similar to causality for changes in the first hypothesis, mix of respondents named Ukrainian Government position and

demand as the most important factor, closely followed by position of donors and only distantly third the WBG itself.

On the third research question, namely - did these increased interactions (if they did increase) included provisions of mutual feedbacks – the answers were not conclusive. On the one hand, mutual feedback is achieved through sharing of audit data especially as response to such challenge as potential corruption most importantly in procurement. Unanimously all respondents stated that sharing audit data is critically important for addressing these challenges and indeed it took place. On the other hand, local self-governments that are at least partially participate in the projects were again, almost unanimously reported as having both, insufficient sharing of information with and lack of overall involvement. Moreover, respondents overwhelmingly placed corruption vulnerability in implementing projects at the local level close second after corruption vulnerability of procurements.

Finally, the last research question, namely - can any behavior or procedural changes in Ukrainian organizations be traced to the interactions with the WBG as causality of these changes and vice versa received also mixed results. On the one hand, it is clear that vice versa happened. The WBG did improve based on interactions with Ukrainian Government. It positively reacted to the pressure was flexible and adaptable. On Ukrainian side evidence is inconclusive. Indeed, learning through logistics management, sharing of audit data is evidenced as having positive and, hopefully, long term effects. Local governments, on other hand, appear not to be involved in meaningful interactions with the WBG despite they host some projects and clearly should be considered as key stakeholders. Need to improve collaboration with local self-governments received almost unanimous support among respondents and is ranked as number one recommendation for the future and lesson learned in Ukraine. This is distantly followed by the need to improve overall transparency of the projects.

Thus, the first part of our second hypothesis that indeed interactions between the WBG and Ukrainian organizations significantly increased and qualitatively changed after the beginning of the war, and that the main reason for this was demand driven pressure form Ukrainian counterparts was corroborated by interviews. However, we believe that some feedback was exchanged, mostly on audit data. But key Ukrainian counterparts, namely local self-governments were omitted from information exchange and closer collaboration. Finally, we believe that our hypothesis is holding on the issue that interactions with WBG minimally changed behavior of Ukrainian counterparts. At the same time, our evidence shows that behavior of the WBG did change as result of interactions with Ukrainian counterparts.

# Conclusions and Recommendations

## Conclusions

### 1. World Bank Group as a Learning Organization:

The WBG has exhibited adaptability during the full-scale war in Ukraine by drawing on lessons from prior engagements. Its swift mobilization of aid and sustained field presence, facilitated by remote technology, demonstrate operational flexibility. However, this adaptability appears to have been significantly shaped by external pressures, particularly from the Ukrainian government and donor countries, raising questions about the extent to which these changes were driven by internal motivations.

### 2. Adequacy of WBG Instruments:

The WBG effectively adjusted its traditional financial instruments to address Ukraine's urgent social needs, including significant funding for non-security personnel salaries and social services. This shift represents a notable departure from earlier practices, where such expenditures were not prioritized. The WBG's response aligns with past criticisms, such as those raised by Joseph Stiglitz, regarding the need for increased support for education and healthcare in crisis contexts.

### 3. Interaction with Ukrainian Institutions:

The intensity and quality of interactions between the WBG and Ukrainian governmental institutions have increased markedly since the war's onset. However, these changes have largely been demand-driven by Ukrainian counterparts rather than initiated by the WBG. While communication with central government bodies has improved, engagement with local self-governments remains limited, restricting opportunities for meaningful feedback and collaboration at the sub-national level.

### 4. Corruption Vulnerabilities:

Corruption risks, particularly at the local level and in procurement processes, remain a significant concern. Although the WBG has implemented measures to enhance transparency, such as audit mechanisms and corruption vulnerabilities, especially in local tenders, have not been sufficiently addressed. This indicates a need for further efforts to ensure project integrity at all levels of governance.

## **5. Impact on Ukrainian Institutional Capacity:**

The WBG has played a crucial role in supporting Ukraine's public service infrastructure, especially in sectors like education and healthcare. However, the benefits of its interventions have been primarily concentrated within the central government, with minimal direct capacity-building efforts targeting local self-governments and civil society organizations. This highlights a gap in the WBG's influence on institutional strengthening at the sub-national level, limiting the overall impact of its assistance.

## **Recommendations**

### **1. Strengthen Local Government Engagement:**

The WBG should prioritize deeper engagement with local self-governments in Ukraine. Local authorities play a critical role in project implementation, and their involvement in decision-making, audit processes, and feedback mechanisms would enhance project accountability and reduce corruption risks at the sub-national level.

### **2. Increase Transparency and Anti-Corruption Efforts:**

Building on its existing anti-corruption measures, the WBG should further strengthen its focus on transparency, particularly within procurement processes. Developing locally tailored risk management frameworks for corruption prevention would help address persistent systemic issues, especially at the local level. Additionally, in our opinion, it is very important that the WBG further enhance cooperation with Prozorro procurement mechanisms eventually adopting "no objections" practice similar to what European Investment Bank is doing.

### **3. Develop a Feedback-Driven Adaptation Framework:**

To better respond to the evolving context of the war, the WBG should formalize feedback loops with both central and local government institutions. Establishing structured feedback mechanisms would enable the WBG to not only react to emerging challenges but also anticipate and make proactive adjustments, ensuring that projects remain effective in changing conditions.

### **4. Expand Technical Assistance to Local Governments:**

In addition to its support for central government reforms, the WBG should

expand its technical assistance to local governments and civil society organizations. This would promote more sustainable institutional reforms and improve the integration of local actors into the recovery process, thereby enhancing the overall resilience and governance capacity of Ukraine's institutions.

**5. Focus on Long-Term Social Sector Investments:**

The WBG should continue its critical support for Ukraine's social sectors, particularly healthcare and education, with a focus on long-term resilience. Beyond immediate financial aid, these investments should include strategic planning for post-war recovery, ensuring that Ukraine's social infrastructure is equipped to meet future challenges.

## **Acknowledgements**

We extend our deepest gratitude to the individuals and organizations who contributed to this research. We are particularly thankful to the experts from the Ukrainian School of International Innovation, Entrepreneurship, Law, and Communications, operating under the Taras Shevchenko National University of Kyiv's Institute of International Relations. Their dedication to enhancing understanding international aid processes amidst conflict has been invaluable to our work.

Our sincere thanks also go to the various World Bank Group project managers, Ukrainian government officials, and civil society representatives who participated in this study. Their perspectives, offered during challenging times, have enriched our findings and helped us better understand the evolving role of international aid in Ukraine. We recognize the sensitivity and complexity of the topics discussed and are grateful to all participants for their candidness and trust.

Finally, we acknowledge the efforts of the "Ukrainians for a Better Life" team, whose commitment to supporting Ukraine's resilience through research and advocacy has been a driving force behind this project. May this research serve as a meaningful contribution to Ukraine's journey toward recovery and a lasting future of integrity and stability.

**"Ukrainians for a Better Life" Team**

Kyiv, 2024

## **Abbreviations**

CEE – Central and Eastern Europe

CES – Center of Economic Strategy

CPI – Corruption Perceptions Index

CSO – Civil Society Organization

EU – European Union

EUACI – European Union Anti-Corruption Initiative

EIB – European Investment Bank

FCDO – Foreign, Commonwealth & Development Office

FY – Fiscal Year

GoU – Government of Ukraine

IBRD – International Bank for Reconstruction and Development

IDA – International Development Association

MDTF – Multi-Donor Trust Fund

MEL – Monitoring, Evaluation, and Learning

MSA – Market System Analysis

MSD – Market Systems Development

MSME – Micro, Small, and Medium Enterprises

NATO – North Atlantic Treaty Organization

PEACE – Public Expenditures for Administrative Capacity Endurance

SDTF – Single Donor Trust Fund

STTA – Short-Term Technical Assistant

UN – United Nations

UNGA – United Nations General Assembly

URTF – Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund

USAID – United States Agency for International Development

UBL – Ukrainians for a Better Life

USD – United States Dollar

USSR – Union of Soviet Socialist Republics

WB – World Bank

WBG – World Bank Group

WWII – World War II